Any attempt to deal with the economic issues surrounding broadband competition will first necessitate that we acknowledge a fundamental economic reality- the telecommunications market is highly concentrated. To this end under the basic interpretation of the law, the Federal Government would seem not only justified in, but perhaps even beholden to the more stringent regulation of the telecommunications industry. Yet doing so will invariably provoke the curious question as to whether or not telecommunications can be treated as interstate commerce (and if so, then to what degree it may be regulated). In this respect,theissue of a competitive broadband market is as much a question of legality as it is one of economics- because while the solution to this problem is fundamentally economic, the nature of this problem demands that we first examine it within the context of the law - moreover anticompetitive laws. To this end, our discussion will first seek to delineate the FCCs right to regulation within the context of the law - however our ultimate prerogative is to ascertain how the broadband market can be regulated most efficaciously within the authoritative rights of the FCC. One argument that exists against the implementation of broadband regulation is the often dubious interpretation of common carriers, which according to contemporary analysis, excludes communication providers from the jurisdiction of the Federal Communications Commission (Communications Law And Practice, pg. 72). In this respect, the very charter upon which the FCC was established seems to prohibit intervention among broadband providers. Yet when considered beyond a semantic context, and viewed against the putative application of extant competition laws, this interpretation of Section 2(b) 2 of the 1934 Communications Act loses its already tenuous claim to veracity. That being said, this argument (despite its indefatigable judicial and Congressional support) is fundamentally flawed in two significant dimensions: The aforementioned interpretation of the 1934 Communications Act does not award the telecommunications industry its proper treatment as interstate commerce, nor does it permit the Federal Government to act within full jurisdiction of its authority. According to the Supreme Courts decision in United States v. Lopez, 514 U. S. 549 (1995), Congressional authority under the Commerce Clause is applicable only to commercial activities that stand to significantly and adversely affect interstate commerce. That being said, telecommunications fits plausibly within the dimensions of commerce: communications, moreover broadband especially, plays an indispensible role in the marketing functions of promotion and distribution. Thus, broadband stands poised to radically redefine the marketplace and revolutionize the interaction between producer and consumer, thereby giving the Federal Government (moreover the FCC) due jurisdiction over its market allocation. In this respect, broadband is a legitimate economic activity, implying that its producers, distribution agents, and users, are all accountable to regulatory measure. That being said, the superfluous, trivial distinction between a common and a connecting carrier is irrelevant, because our nations competition laws make no such distinction in their applicability. The Supreme Court ruled in Standard Oil Co. of New Jersey v. United States, 221 U. S. 1 (1911) that any monopoly in both actuality and effect can be prosecuted as a trust. To this end, the court ruled that the effects of a monopoly are higher prices, reduced output, and reduced quality. That being said, many of this countrys broadband services are provided and distributed by corporate entities whose size and supernormal profits constitute monopolies by even the most ambivalent definition of the word - our nations largest cable provider controls more than half of the market share, and our largest wireless provider was formed by one of the largest mergers in the history of the country. The effects these monopolies have on commerce are just as prodigious as their size. For the consumer, a monopolized communications industry means reduced aggregate output, reduced service, and increased prices. For example, following the de-regulation of the Cable Industry in 1984, cable rates increased exponentially, with the most innocuously priced service, according to a study by the House Energy and Commerce Committee, going up by 56%, which was three times the rate of general inflation (Communications Law And Practice, pg. 18, note 12). The effects of these communication conglomerates are equally deleterious for small businesses. From an economic perspective, a highly monopolized communications market amounts to a coercive monopoly in that it discourages any entry into the market, effectively siphoning off the flow of capital, which according to National Labor Relations Board v. Jones and Laughlin Steel Corporation, 301 U. S. 1 (1937), justifies the prosecution of a firm as a trust. It can thus be concluded that the Federal government (moreover the FCC) reserves the right to regulate the telecommunications market, yet what remains to be established is the extent to which the Federal Communications Commission can exercise this right. Typical application of the law holds that Congress may only act to regulate commercial transactions occurring among, and not within the states. However, given both the size of many of our telecommunications service providers, and the fact that some providers do not operate within state lines, the regulatory status quo proves ineffective. Thus, regulatory efficacy in the communications industry demands an exception to the rule, and the Supreme Court provided one with its decision in the case of Houston E. and W. T. Ry. Co. v. United States, 234 U. S. 342 (1914). According to the aforementioned decision, intrastate commercial regulation is legally permissible if Congressional power over interstate commerce cannot be exercised by any other means. Thus, if the regulation of an industry from a state level can be proved impractical or economically inefficacious, Congressional intervention is perfectly justified. In fact, the Supreme Court even permits regulatory action at the local level, though only under special circumstances. According to the decision in the case of Swift v. United States, 196 U. S. 375 (1905), geographically local activity could be regulated under the auspices of the Commerce Clause only if its effect on the flow of commerce particularly significant. That being said, the extension of broadband transcends and redefines the dimensions of the marketplace, thereby extending the reach of the Federal Communications Commission. One should note that this authority already falls under the jurisdiction of the FCC under the auspices of the unfairness doctrine. It can therefore be concluded that the FCC is well within its right to regulate the telecommunications industry to virtually any extent that it wants, whether it fall under antitrust jurisdiction or not. The question therefore, is how to exercise this power. The fragmentation and regulation of monopolies and duopolies is a good exercise of fiscal pragmatism, however such cannot be the full extent of the FCCs regulatory action. As we saw during the divestiture of AT and T in 1984, trust busting, however efficacious in the short run, ultimately cannot do the job alone (though it is a very good place to start). The aforementioned breakup was supposed to help lower the price of services, which it has failed to do. Instead, fragmented companies (like the Bell System) are simply buying each other out, ultimately re-forming the very trusts that had been busted by the Department of Justice. In this respect, the enforcement of competition law necessitates some form of price controls. One should also note that the world's most successful broadband market, according to "Broadband: Should We Regulate High Speed Internet Access," is the Korean market, owing largely to its low prices. In this situation, market forces keep the price relatively low, so that the allocation of broadband is both efficient and fair- in other words, maximally efficacious. The answer lies with price: lower prices are generally associated with more competitive market structures. TO this end, a seemingly efficacious measure to adopt here at home would be a price ceiling. It does however, behoove one to note that while economists generally discourage price caps, the high price elasticity of the demand for broadband implies that high price acts as an inhibitor. Therefore, though a price cap may seem inherently inefficient, in a situation of high price elasticity, it can be made to serve the function of market price. (An Analysis Of The Determinants Of Broadband Access)   There are however, those who contend that the theoretical benefits of a price cap do not make up for its inefficiency (as would typically be the case), even in light of a highly elastic demand for broadband. However a central problem with broadband is its high transaction cost, which carries the risk of underproduction (which we as a society will feel as a deadweight loss). In this case, the inherent market inefficiency is ameliorated through the regulation of price, which is circumstantially salubrious owing to the high price elasticity of demand for broadband. (Note that a price cap is not the only way to tackle this issue, but the solution will inevitably have to impose some restriction upon the price of service.)   When it comes to economic issues in broadband competition, one certainty can be established: that the Federal Communications Commission can regulate the telecommunications market in virtually any capacity it sees fit. We cannot however, definitively say how such a power is to be used. The aforementioned postulations take into account legal externalities and demand experiments, but the fact remains that our understanding of demand in developing markets is lacking, and what data we do have are often too ambiguous to be deemed conclusive. In the end, our course of action must be guided by the basic application of our fiscally pragmatic intuition: if low prices and high competition are salubrious to commerce, than the Governments role must be to nullify the adverse effects of externalities. Our economic intuition tells us in other economic situations that corporate rapacity is economically deleterious, and thus it can be concluded in the case of broadband competition.